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SUBJECT: BFIF 06 PROPOSAL

REF: A. 05 SECSTATE 215954

1.(U) Post submits its 2006 Business Facilitation Incentive Fund proposal and requests USD 12,152 for two projects: a Commercial Library and an American Business Committee.

12. (U) Facilitating economic growth and development is one of Post's priority MPP goals. Private sector development and the reduction of corruption are key components of World Bank and donor country efforts to support economic growth in the DRC. End summary.

Commercial Library

13. (U) Post proposes a grant of USD 2750 to purchase an additional set of commercial library books.

14. (U) Justification: With its FY05 BFIF grant, Post purchased two sets of commercial library books for USD 5000, which it is in the process of placing in American Corners in Kinshasa and Lubumbashi. Post plans to open a third American Corner in FY06, thus providing another opportunity to support economic development with educational materials.

15. (U) Planning milestones:

- Within one month of receipt of the BFIF grant, Post can order for the third center the same set of books as ordered in 2005, replacing any titles that are no longer in print with alternate selections.

- Receipt of all books may take two to three months.

- As soon as practicable, Post can place the books in the American Corner, with accompanying publicity, including a press release and an opening reception for local business community members.

16. (U) Performance Metrics or anticipated outcomes: Use of the commercial materials by at least ten persons per week.

17. (U) Estimated costs: USD 2750, which represents FY05 costs of USD 2500 per set, plus a ten percent allowance for any increase in costs of materials, fees, taxes and shipping.

18. (U) Funds from other bureaus: Post does not plan to leverage funds from other State bureaus or other agencies, because administrative time involved would outweigh the benefit of such potential funding.

19. (U) Outcome/success criteria: Members of the business community use the materials and contact Post's commercial section for assistance or additional information.

110. (U) Follow-up strategy: Post can survey members of the business communities in which each American Corner is located to determine whether materials are meeting some of its needs.

American Business Committee

11. (U) Post requests USD 7600 to support creation of an American Business Committee (ABC) in the DRC, with the long-term goal of creating an American Chamber of Commerce. The group's initial objective will be to combat endemic corruption by advocating against specific illegal practices and by promoting American business ethics. This project will help to advance FY06 Mission Performance Plan goals of fostering private sector economic growth and reducing corruption.

12. (U) During the 1980s, dozens of American businesses operated in the DRC, but the conflict, economic collapse and pillaging that ensued significantly reduced that community. With the gradual restoration of peace, political stability and economic expansion (e.g., 7 percent annual GDP growth rate in 2005), American businesses have displayed an increased interest in opportunities in the DRC. At least 35

American business owners, representatives, or agents of American businesses operate in the DRC, in sectors ranging from natural resources to beverages. In 2005, Arizona-headquartered Phelps Dodge Corporation signed a multi-million dollar joint venture copper-cobalt mining project with the GDRC, and its project development is underway.

13. (U) Businesses, however, continue to face a pervasive culture of corruption and inefficiency. This environment results in increased direct and opportunity costs, in large part because of the extensive and often unauthorized fees,

finances, taxes and other payments demanded of businesses. American businesses oppose corrupt practices, but they are not always able to present a strong, unified message. Many of these businesses gather quarterly at the Ambassador's Business Roundtable, but this meeting is a networking and information sharing opportunity rather than an action-centered group. They need a forum that will help them organize their action-oriented goals, which include combating corruption and creating a culture of American business ethics. The aim of establishing an ABC is to complement and not compete with the existing Congolese Chamber of Commerce (FEC), with which Post works closely. Post would include FEC representatives in the ABC's anti-corruption programming and would share American expertise, to assist the FEC's efforts to foster greater transparency.

14. (U) Planning milestones:

-Within six to eight weeks of receiving the BFIF grant, Post, in collaboration with two to three leaders from the American business community, will hold an initial organizational meeting in Kinshasa. Post will invite a representative from a Global Competitiveness Hub, an American Chamber of Commerce, or similar organization in the region as a guest speaker.

-Within six weeks of the initial meeting, the larger group reconvenes and selects leadership.

-The group thereafter holds a monthly working luncheon in Kinshasa. If it can identify a critical mass of American businesspersons in one other city (e.g., Lubumbashi), it will hold one to two luncheons per year in such city, selecting a representative from such city as a leader.

-After the second monthly luncheon, the committee identifies two issues on which it wants to lobby the GDRC and begins to develop a basic strategy, which may include engaging the GDRC in discussion and holding workshops or presentations on American business ethics

-Within eight months of Post's receipt of the BFIF grant, the American Business Committee has engaged the GDRC in discussion on its two issues and held at least one workshop.

15. (U) Performance Metrics or Anticipated Outcomes:

See planning milestones.

16. (U) Estimated total cost: USD 9402

- Two round-trip flights to Kinshasa for the speaker/adviser:
USD 1200 x 2 = USD 2400

- Lodging and M&IE for speaker/adviser's two trips, Five days @ USD 289 per day = USD 1445:
USD 1445 x 2 = USD 2890

- Four round-trip tickets to Lubumbashi for ABC members:
USD 600 x 4 = USD 2400

- Lodging and M&IE for four ABC members, Two days per trip @ USD 164 per day = USD 328 per person x 2 persons =
USD 656 per trip x 2 = USD 1312

- Support materials (photocopies, office supplies, etc.):
USD 400

17. (U) The Public Diplomacy Section at Post has indicated that it can help locate speakers on relevant topics such as judicial corruption and reform. Further, Post is investigating the possibility of cooperation with the USAID-sponsored Global Competitiveness Hub in Nairobi and with organizations such as the American Chamber of Commerce or Corporate Council on Africa (CCA).

18. (U) Outcome/success criteria:

- Initial participation by at least 15 members of the American business community in ABC's activities.

- At least one workshop or presentation on American business ethics during first (6 months) year.

- See also the planning milestones.

19. (U) Follow-up strategy:

Post's Economic Section will assist and monitor the ABC's development during the grant period and work with the ABC to assure its continuation in FY07 and beyond.

20. (U) Post point of contact for both projects is: Wendy Brafman, Economic Officer, brafmanws@state.gov.

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